

Federal Health Services Grants, 1965-75

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FEDERAL HEALTH SERVICES grants totaled about \$1.5 billion in fiscal year 1975, an eightfold increase since 1965 and more than twice the amount awarded in 1970. The 1975 sum was awarded for 32 grant programs. Information on the nature and distribution of Federal financial support to aid in the development of State and local community health services has been published previously (1,2). Our purpose here is to update the basic data in the series and to review recent trends.

Fiscal year 1975 marked the 40th anniversary of the beginning of the continuing authorization of health services grants. Titles V and VI of the Social Security Act of 1935 initiated two of the current programs, maternal and child health services and public health services.

As shown in the following table, about two-thirds of the total Federal grants for health services in fiscal 1975 were project grants. Project grants aid individual activities based on evaluation of particular need; in 1975, about one-third were awarded to the States on the basis of established formulas. In 1970, more than 70 percent of the grant funds were on a project basis; the increase in the relative proportion of formula grant funds is a sharp reversal of the trend between 1965 and 1970.

Type of grant	Amount (in millions)			Percent increase	
	1965	1970	1975	1965-75	1970-75
Formula ...	\$106.8	\$184.4	\$ 458.5	329	149
Project	73.5	507.7	1,008.0	1,271	99
Total ...	\$180.3	\$692.1	\$1,466.5	713	112

Of course, much of the overall increase was offset by inflation. The medical care component of the Consumer Price Index increased 88 percent between 1965 and 1975 and 40 percent between 1970 and 1975 (3). If we consider 1965 the base year (and assign it a figure of 100, as is done in the following table) and adjust the increase in funds for inflation, we find the real

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increases (between 1965 and 1975) were more than fourfold for the total, sevenfold for project grants, and twofold for formula grants.

Type of grant	Fiscal year		
	1965	1970	1975
Formula	100	128	227
Project	100	513	728
Total	100	284	432

Formula Grants

Health services grants awarded to the States by formula were approximately two and a half times larger in 1975 than in 1970. This increase was due largely to the addition of three new programs and a substantial increase in the funds for maternal and child health services. The latter increase, which accounted for about half of the gain, resulted largely from mergers of the grant funds for maternity and infant care projects and children and youth projects into the formula grant funds in fiscal 1975.

There were six formula grant programs in 1972. Since then, the drug abuse prevention program was authorized by the Drug Abuse Office and Treatment Act of 1972. Grants for drug abuse prevention accounted for \$28 million or 6 percent of all formula grant funds by 1975 (table 1).

Table 1. Health services formula grants, fiscal years 1965, 1970, and 1975 (expenditures in millions of dollars)

Program	1965		1970		1975	
	Amount	Percent	Amount	Percent	Amount	Percent
Comprehensive health planning	\$ 0	....	\$ 8.3	4.5	\$ 12.2	2.7
Comprehensive public health services	50.0	46.8	88.9	48.2	90.0	19.6
Crippled children services	28.8	27.0	47.0	25.5	64.9	14.2
Maternal and child health services	28.0	26.2	40.2	21.8	176.2	38.4
Alcoholism control	0	....	0	....	52.0	11.3
Drug abuse prevention ...	0	....	0	....	28.2	6.2
Developmental disabilities ...	0	....	0	....	35.0	7.6
Total	\$106.8	100.0	\$184.4	100.0	\$458.5	100.0

Table 2. Health services project grants, fiscal years 1965, 1970, and 1975 (expenditures in millions of dollars)

Program	1965		1970		1975	
	Amount	Percent	Amount	Percent	Amount	Percent
Health planning—areawide grants	\$ 3.7	5.0	\$ 7.7	1.5	\$ 16.7	1.7
Community health services	55.4	75.4	221.0	43.5	465.4	46.2
Health services development	13.4	18.2	47.2	9.3	196.6	19.5
Family planning	0	.....	25.7	5.1	94.5	9.4
Migrant health	2.8	3.8	14.0	2.8	23.8	2.4
Appalachian health demonstrations	0	.....	14.0	2.8	23.3	2.3
Health maintenance organizations	0	.....	0	.....	22.7	2.3
Emergency medical services	0	.....	0	.....	32.2	3.2
Communicable diseases	29.2	39.7	34.8	6.9	34.2	3.4
Lead-paint poisoning	0	.....	0	.....	9.0	0.9
Urban rat control	0	.....	0	.....	13.1	1.3
Maternal and child health services	7.6	10.3	81.1	16.0	5.1	0.5
Crippled children-special projects	2.4	3.3	4.2	0.8	3.5	0.3
Sudden infant death syndrome	0	.....	0	.....	1.9	0.2
Cancer control	0	.....	0	.....	4.7	0.5
Hypertension education	0	.....	0	.....	0.8	0.1
Regional medical programs	0	.....	77.7	15.3	83.0	8.2
Mental health and substance abuse	12.0	16.3	68.6	13.5	403.2	40.0
Community mental health centers	0	.....	47.1	9.3	197.6	19.6
Hospital improvement and staff development	12.0	16.3	7.5	1.5	7.8	0.8
Narcotics addiction	0	.....	2.8	0.6	117.9	11.7
Alcoholism	0	.....	11.2	2.2	79.9	7.9
Developmental disabilities (OHD)	0	.....	23.6	4.6	23.2	2.3
Rehabilitation services	0	.....	4.2	0.8	0	.....
University-affiliated services	0	.....	0	.....	4.0	0.4
Developmental disabilities	0	.....	19.4	3.9	19.2	1.9
Other	2.4	3.3	109.1	21.5	16.5	1.7
School health (OE)	0	.....	0	.....	0.9	0.1
Head start (OHD)	0	.....	0	.....	15.2	1.5
Child abuse and neglect (OHD)	0	.....	0	.....	0.4	0.1
OEO programs	2.4	3.3	109.1	21.5	.....	.....
Total	\$73.5	100.0	\$507.7	100.0	\$1,008.0	100.0

NOTE: OHD, Office of Human Development; OE, Office of Education; OEO, Office of Economic Opportunity.

All formula grants, except the grant for developmental disabilities, are awarded by the Public Health Service to State governments. The developmental disabilities program is funded by the Office of Human Development (OHD) in the Office of the Secretary, Department of Health, Education, and Welfare. Formula grants are awarded according to criteria set forth in the enabling legislation (such as a State's population size) and are administered at the State level by various agencies, most commonly State health departments.

Project Grants

Health services project grants amounted to slightly more than \$1 billion in fiscal 1975, double the amount

in 1970. Although the dramatic rate of increase in project grant programs during the late 1960s came to a halt, the absolute dollar increase since 1970 actually exceeded the dollar increase in the previous period.

Of the 25 project grant programs in 1975 (table 2), the following 3 programs accounted for more than half of the total grants: health services development (primarily community health centers), community mental health centers, and narcotics addiction.

As mentioned before, project grants made up a smaller percentage of the total in 1975 than in 1970, principally because of the merger of the maternal and child health project grants into the formula grants.

The Office of Economic Opportunity (OEO) health grant programs, which reached an annual funding level of more than \$150 million at their peak, have been

merged into the various Public Health Service activities. The largest amount, that for neighborhood health centers and other comprehensive health services programs, became part of the grants for health services development. Other OEO grants transferred to the Public Health Service were for family planning, drug addiction, and alcoholism control.

A number of new project grant programs were initiated in recent years. The largest were for the development of emergency medical services (Emergency Medical Services Systems Act of 1973) and health maintenance organizations (Health Maintenance Organization Act of 1973). Sizable assistance to help communities deal with lead paint poisoning and rat control was also initiated.

Cancer control programs and hypertension education activities were developed through the National Institutes of Health. In addition, comprehensive cancer centers received more than \$100 million; the provision of services in these centers is incidental to the conduct of research and is not separately identifiable.

There is a notable trend, not yet substantial, toward the use of contracts rather than grants. For example, about \$3.5 million was awarded by contracts for sickle cell anemia screening and treatment clinics.

The largest increases between 1970 and 1975 were for grants to aid community mental health centers and substance abuse programs. Funds for the centers (including funds for the mental health of children) increased from \$47.1 million to \$197.6 million. Narcotics addiction grants increased from \$2.8 million to \$117.9 million. Funds for alcoholism control increased from \$11.2 million to \$79.9 million.

The Public Health Service administered almost all of the grant programs, and it awarded more than 95 percent of the funds. The Office of Education and the the Office of Human Development were also engaged in these activities.

Discussion

Federal grants-in-aid continue to be a significant part of the development and support of health services in the United States. Despite the substantial growth of national health care financing programs (Medicare and Medicaid), many health needs are still not being met adequately. The mechanism of Federal grants to States and local communities is a longstanding, effective way to deal with issues of concern.

Federal grants-in-aid in the health field have expanded services for disadvantaged populations, stimulated the adoption of new practices (such as emergency medical services), met urgent and chronic problems (for example, immunization programs or family planning services), and supported the development and maintenance of public health facilities and services. In some instances, a single program encompasses a number of objectives; in others, the primary purpose has changed over time.

There has been a continuing concern that the proliferation of grant-in-aid programs might complicate and confuse not only the administration of programs at the national level but also the organization of services at the State and local levels. Thus, many proposals have been made to consolidate programs. The most successful effort along this line was the Partnership for Health Act in 1966, which brought about the merger of 19 grant programs into 5.

In February 1976, the Administration proposed a Federal Assistance for Health Care Act to consolidate 15 categorical grant programs and the Medicaid program (4). The proposal recommended a new "block grant" of \$10 billion to be administered by State governments. The Medicaid program accounted for more than \$8.5 billion. The 15 categorical grants included 14 health services grants and the medical facilities construction grant program, which were funded at about \$1.25 billion in fiscal year 1975. They included 6 of the 7 programs listed in table 1 (all but drug abuse prevention), accounting for about 90 percent of such funds, and 8 of the 25 programs listed in table 2, accounting for about 70 percent of such funds.

Although the Congress may not take action on the proposed Federal Assistance for Health Care Act, it is likely that other proposals for grant consolidation will be presented. Inasmuch as the number of Federal health services grant programs increased from 11 to 32 between 1965 and 1975, it is evident that the pressures for expanding grant programs are still predominant. For example, the Special Health Revenue Sharing Act of 1975 established new project grants programs for home health services and hemophilia treatment center programs.

Enactment of a national health insurance program is likely to have a major effect on health service grants-in-aid. An insurance program would help to meet certain needs previously addressed by grants-in-aid, particularly the development of services for low-income and other disadvantaged persons. The nature of the benefit package and the administrative approach of whatever national health insurance program may be enacted will determine how fully these needs are met. However, still other needs are likely to continue to exist; for example, the stimulation of new practices and the support of public health services will call for a combination of national, State, and local efforts financed by grant funds.

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